Cat Logistics

Curtis R. Meyer

Caterpillar: Confidential

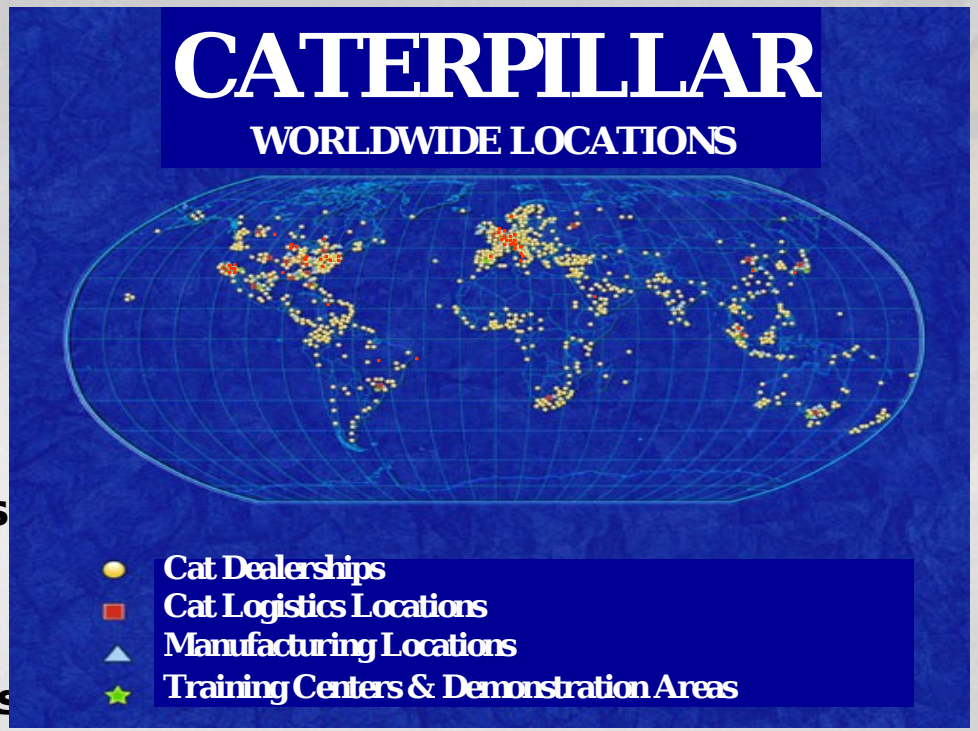
Caterpillar – A Firm Foundation

Over $23 Billion in global sales

Over 1,800 major suppliers and over 100 manufacturing facilities

Products are distributed to 197 countries in 23 time zones

+190 Dealers with over 4,000 locations



Over $5.2 Billion was exported from the U.S.

About 50% of our sales are outside the United States

Over 7,000 people involved in logistics services

...managed in a large and complex global supply chain.

Customers

CAT LOGISTICS

Owners & operators of 2.0 million Caterpillar machines & engines working on 7 continents,
24 hours a day, 7 days a week

Caterpillar Critical Success Factors

CAT LOGISICS

1) We must institutionalize 6 Sigma to drive continuous improvement throughout the value chain.

2) **We must have the best distribution channels tailored for each market segment at competitive costs.**

3) We must have the best products and solutions for each market at competitive costs.

4) We must manage our cost structure to deliver outstanding financial results through the business cycle and maintain our global competitive position.

5) We must rapidly establish our global business model and achieve profitable leadership in the emerging markets of China, India, and the CIS by 2010.

6) We must achieve $30 billion in sales and revenues during this decade.

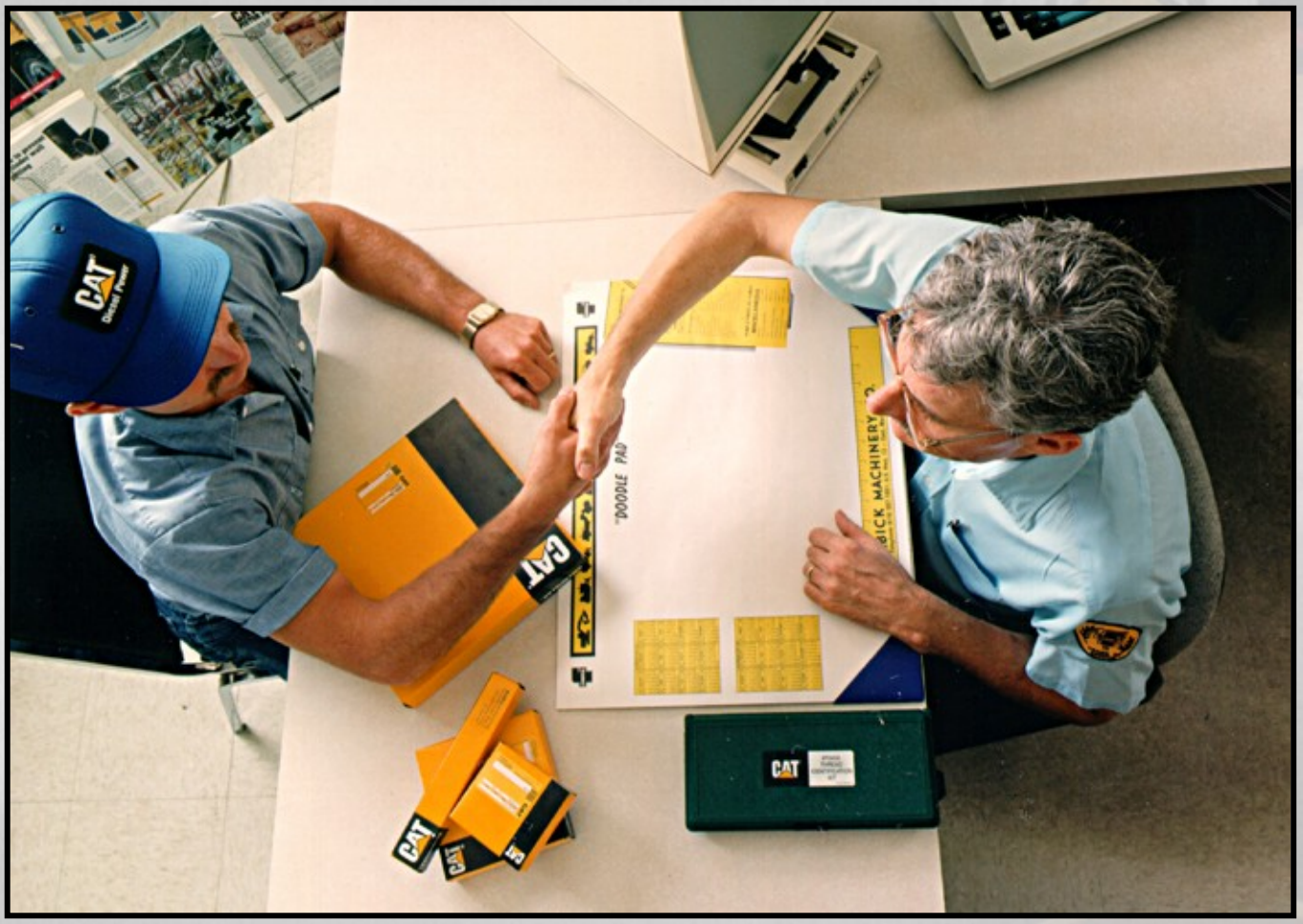
7) We must implement a fully integrated, highly responsive and flexible value chain that satisfies our customers' order fulfillment needs in the shortest time from order receipt to cash.

8) Caterpillar people will be recognized, along with our products and services, as a key enterprise strength.

9) We must maximize customer value through product support excellence.

Product Support is *#1* in customer buying decisions

CAT LOGISICS



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What Is Product Support?

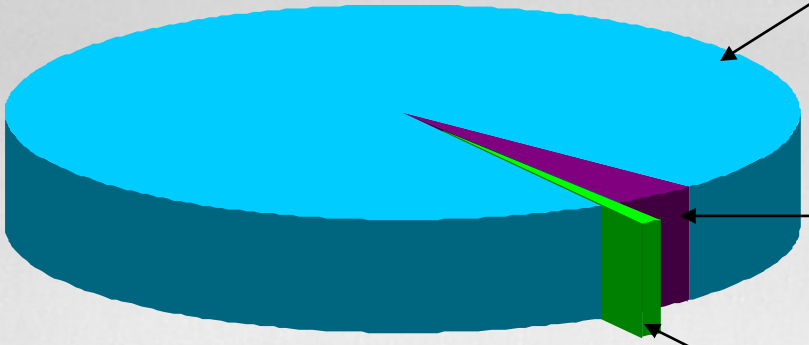
Caterpillar Logistics Services, Inc.

- Cat provides dealers with:
  - **Parts**
  - **Training**
  - **Service tools**
  - **Standard job instructions**
  - **Technical information**
  - **Prognostics & diagnostics**

…Everything needed to "Keep 'Em Running!"

Global Distribution Center

Caterpillar's World Class Service



95% of orders can be satisfied from either the dealer or facing facility

Using the search system brings order fill up to 99.8%

Only 0.2% of orders go on back order

Over 550,000 Serviced Parts in nearly 200 countries

We keep track of 600,000+ P/N's?

Caterpillar Logistics Services, Inc.

Global Distribution Center

Caterpillar Logistics Services, Inc.

Distribution Facts

- Facilities operate 24 hours a day, every day of the year
- Customers order more than 50 million line items a year
  - **4.3 million a month…**
  - **140,000 a day…**
  - **almost 2 every second!**
- 99.8% of customer orders are shipped same day

Global Distribution Center

Parts Distribution

YESTERDAY		
Orders entered	213,149	
Caterpillar dealers	188,850	85.6
Nearest regional facility	19,128	97.6
Other facilities	4,736	99.8
Orders being expedited	435	

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KLGM D4 EZ21 ANTARES PART INFORMATION 14/NOV/03

Z0074 SUGG CONSUMERS PRICE/AVL 07:58:37

Customer Code : G796 CAT INC/DEF & FEDERAL PRODS.

Part Number : 7C-3372 AA MOTOR G Order Class : E

Xref Part No :

Order Qty : 1 PC Net Weight : 95.62 LB Returnable : Y

Package Qty : 1 PC Gross Weight : 107.3 LB F/M/S : F

Parts Prod Cd : MBJ Maj/Mnr Cls: 2M Eng Cd: 4 Spl Prc Avl : N

Ccy Code : USD Sugg Consumers

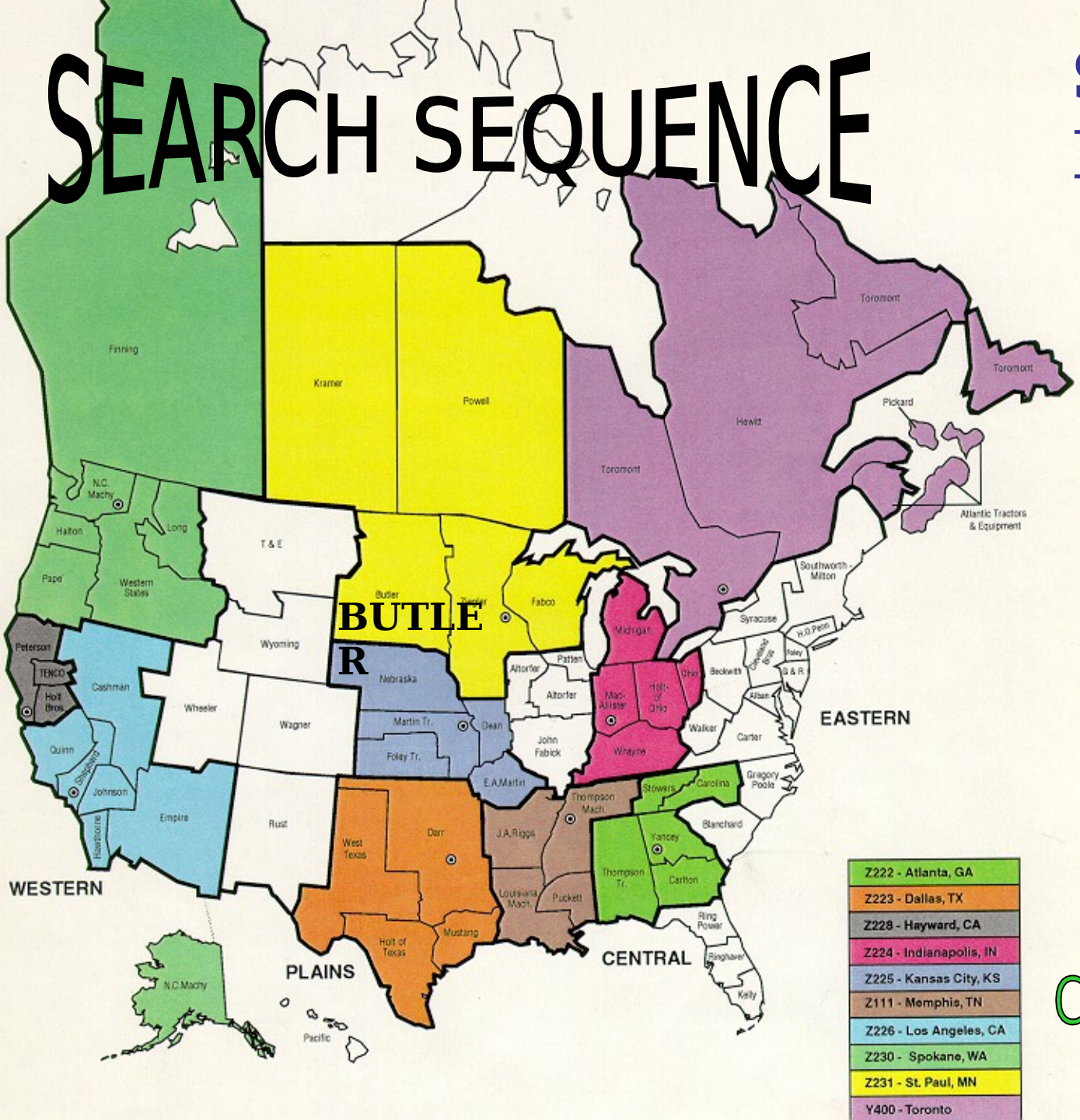
PRODUCT PRICE : 2,620.00

Price Eff Dt : 14/NOV/03 Est Shp Date :

Dir Ship From :

Src Fac	Avl Qty	Src Fac	Avl Qty	Src Fac	Avl Qty	Src Fac	Avl Qty
MOR	1	YRK	1	DEN	1	STP	1
DAL	1	ATD	1	SPO	1	LAX	1

SEARCH SEQUENCE



BUTLER

ST. PAUL

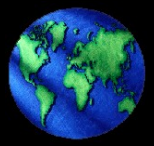
MORTON

Kansas City
Spokane
Indianapolis
Dallas
Miami
Denver
York
Atlanta
Hayward
Memphis
Los Angeles
Canada/Toronto

“Life of an Emergency Order”

Caterpillar Logistics Services, Inc.

- *Backorders are automatically expedited*
- *If delivery date is not acceptable, dealer can call Cat Parts Analyst for improvement*
- *World Wide search*
  - ✓*Search all manufacturing/assembly plants*
  - ✓*Higher levels*
  - ✓*Assembly line*
- *An estimated ship date to be provided within 24 hours*

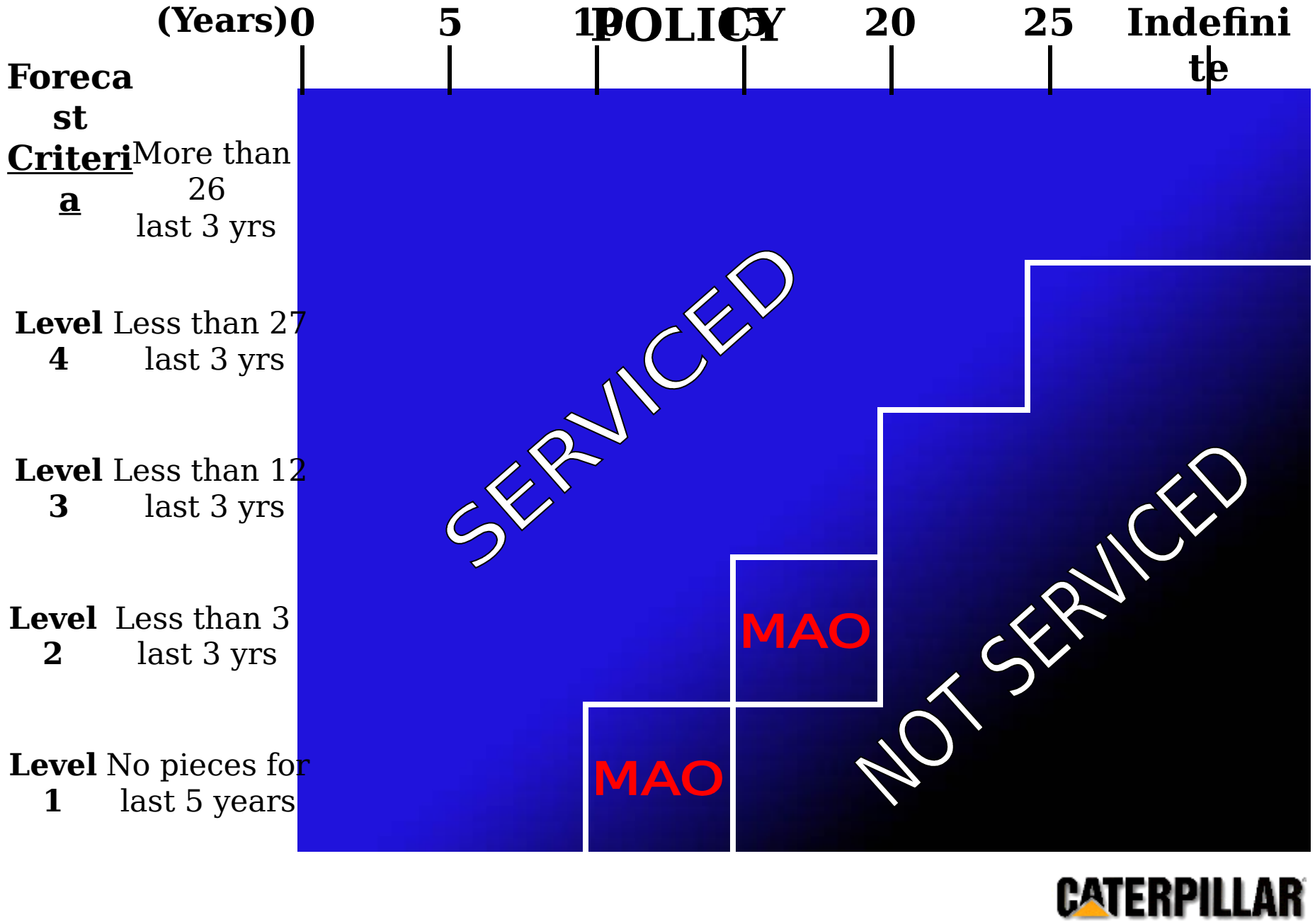


Global Distribution Center

Dealer PartStore

- The PartStore is an option on Dealer Storefront.
- The dealer controls which customers get access to the dealer's PartStore.
- After the dealer gives access, the PartStore tab will appear when the customer goes to the Storefront.
- PartsStore access is targeted access.

NONCURRENT PARTS SUPPORT POLICY



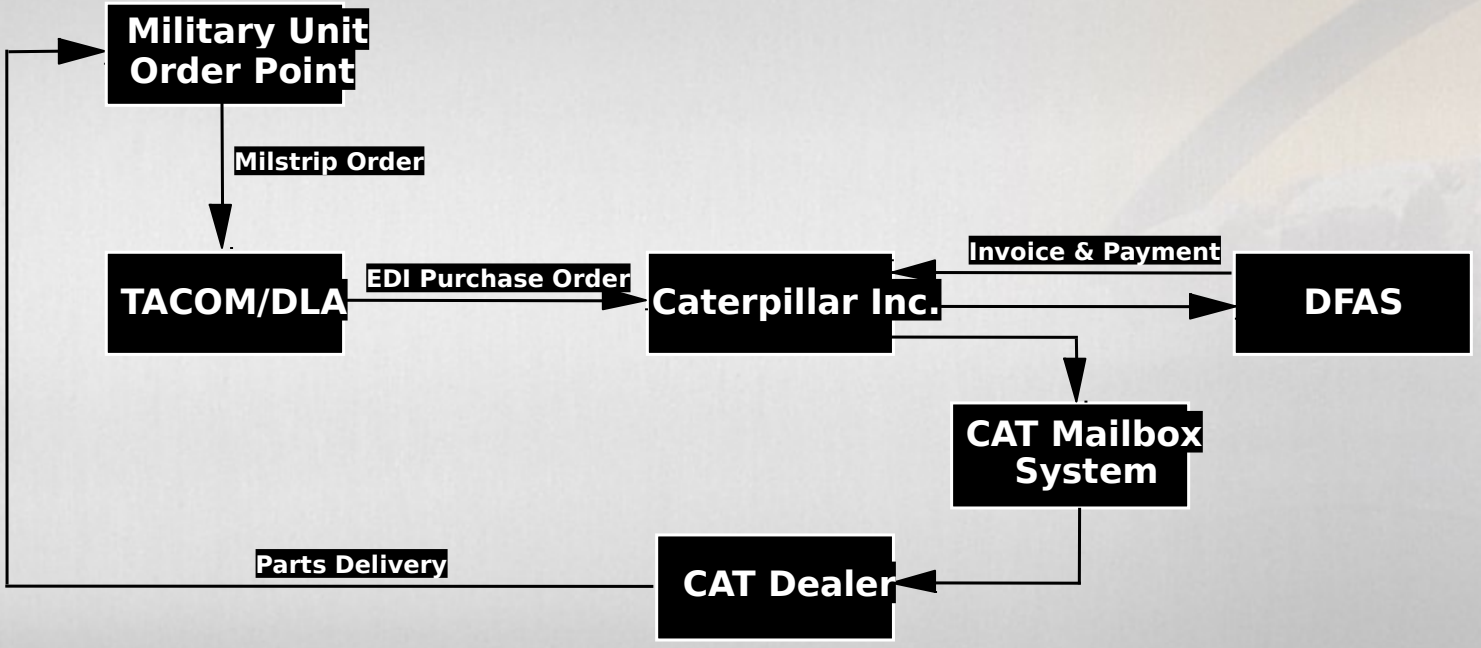
CATERPILLAR

Corporate to Corporate

- **Key Elements**
  - **Order Through Electronic Data Interchange, EDI**
  - **Bar Coding**
  - **Delivery To Ordering Unit (Free)**
  - **Parts Returns**
  - **Warranty**
  - **Seamless Process To End User**

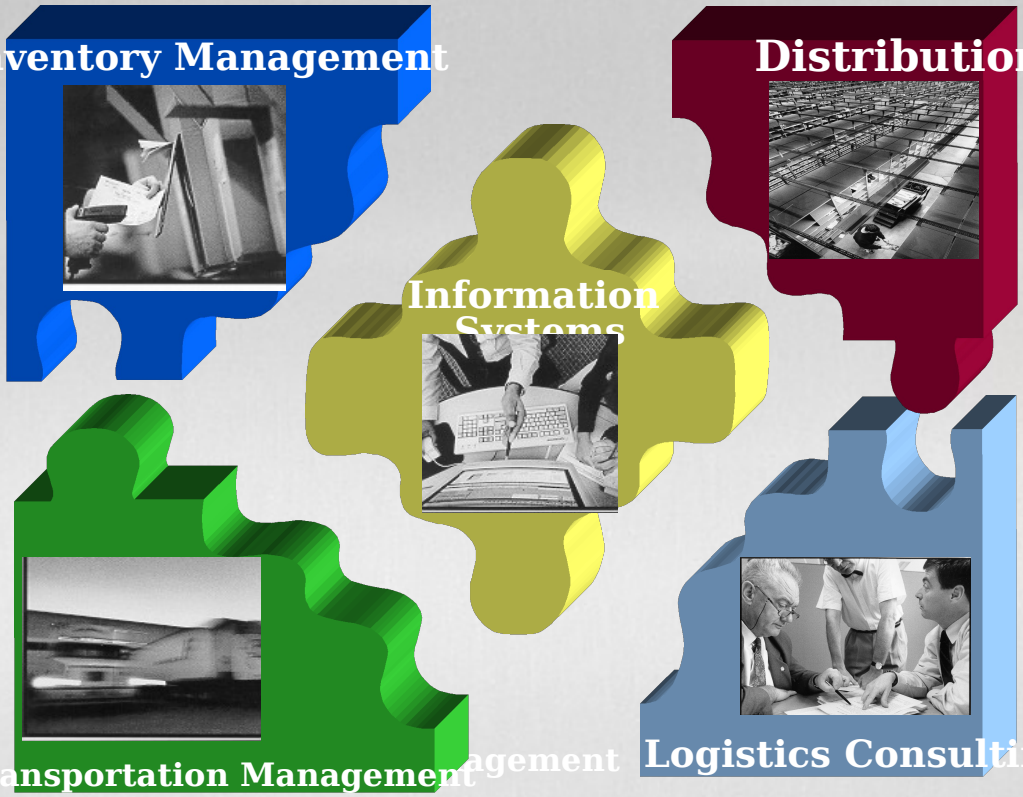
Corporate to Corporate

- **EDI Order Process**
  - **Seamless Process To End User**



Cat Logistics Services

We are the Global Leader of "Integrated" Logistics Solutions



Performance Guarantees

Supply Chain Performance Monitoring

Information Technology & Business Proces

Cat Logistics Client Services … Growing

we will select target markets where our capabilities and strengths fit best - prospects in industries with high-value, time-sensitive, durable products:

AMERICAN TOOL COMPANIES, INC.

DAIMLERCHRYSLER

F.G. WILSON

DELPHI Automotive Systems

Ford Motor Company

HYUNDAI

AGCO

MOTOR HARLEY-DAVIDSON COMPANY

Electrolux AKTIEBOLAGET ELECTROLUX

CAT

Honeywell

CNH

ROVER

PEUGEOT MOTORS OF AMERICA, INC.

Delco Remy AMERICA

U.S. Cellular

TOSHIBA

Perkins

MCE MITSUBISHI CATERPILLAR FORKLIFT

EMERSON ENERGY SYSTEMS

SCANIA

Kodak

NAVISTAR

SAAB SCANIA

SAAB

HIAB

ERICSSON

RPI RAPIDPARTS INC AN MCFA COMPANY

HEWLETT PACKARD

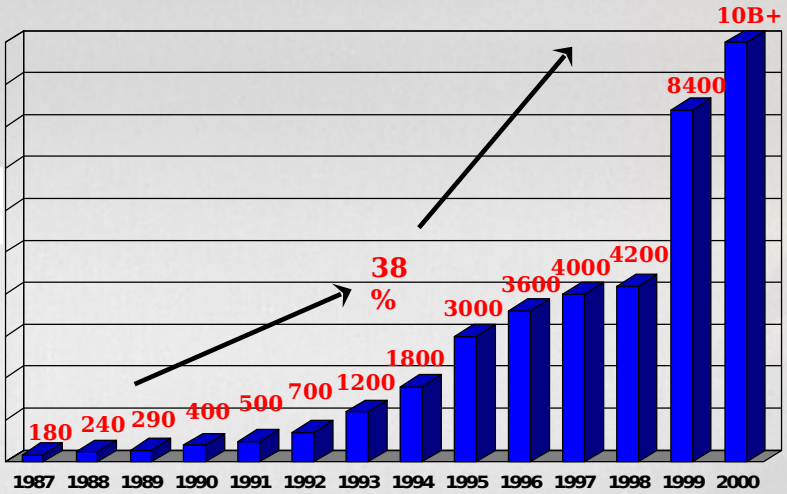
Lucas
Original Equipment. Global Service.
part of TRW Automotive

TRW

FISHER

Sprint

Client Product Value Shipped (Millions US$)



Approximately 60% of growth with existing clien

CATERPILLAR®

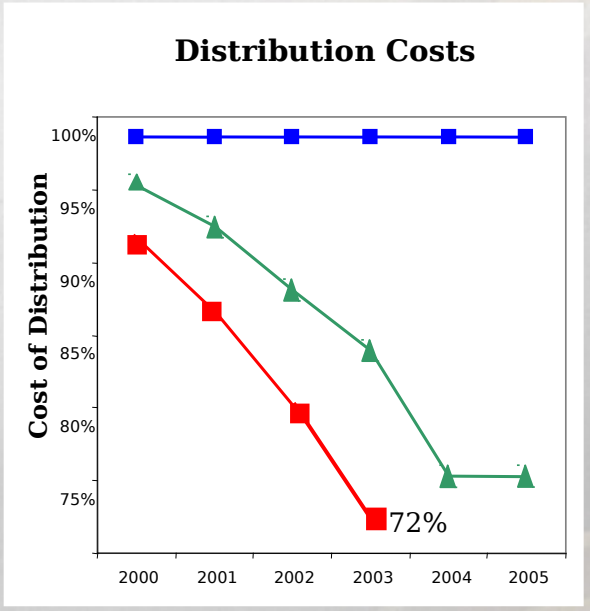
Value-Add to Client Operations

Integrated Solutions

	Fill Rate	Orderfilling Accuracy	On-Time Shipping	On-Time Delivery	Claims Free Delivery
Client	88.0%	99.6%	97.0%	95.0%	98.0%
CAT Logistics	95.0%	99.9%	99.9%	98.0%	99.4%

Service and Turns

	Order Fill Rates		Inventory Turns	
	Before	After	Before	After
Client A (Automotive)	94%	98%	5.8	6.8
Client B (Automotive)	70%	93%	1.9	4.2
Client C (Industrial)	65%	95%	2.5	5
Client D (Mat'l Handling)	89%	95%	0.7	2.2
Client E (Mat'l Handling)	89%	94%	0.9	1.8
Client F (Retail Product)	73%	93%	7.2	13.1



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TAKE ADVANTAGE OF YOUR SUPPLIERS!

Questions?